

UE DATE: \_\_\_\_\_

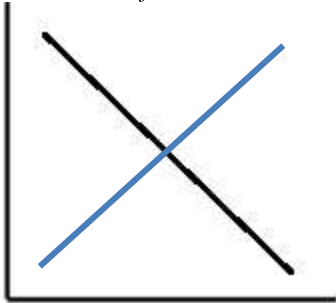
NAME: \_\_\_\_\_

**UNIT 2.1-2: DEMAND & SUPPLY PRACTICE PACKET**

*Practice with Shifts of Demand & Supply (39 questions)*

1. Currently, gas and fuel prices have been rising steadily for months. How has the drastic increase in fuel affected the demand curve for Ford F150 trucks?

*Show the shift in the curve and name the determinant.*

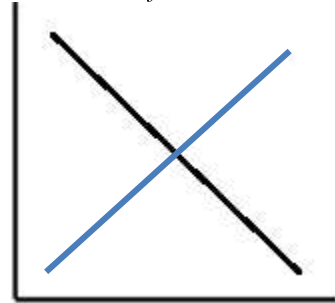


Name the determinant:

\_\_\_\_\_

4. On March 1, what would have happened to the demand for Valentine’s Day chocolates, teddy bears, and conversation hearts at CVS?

*Show the shift in the curve and name the determinant.*

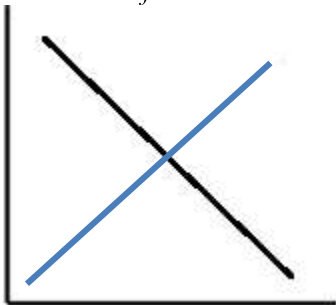


Name the determinant:

\_\_\_\_\_

2. Assuming that Abercrombie jeans and Gap jeans are suitable substitutes, what would happen to the demand curve for Gap jeans in the following price scenario: Gap Jeans @ \$58.00; Abercrombie Jeans @ \$75.00.

*Show the shift in the curve and name the determinant.*

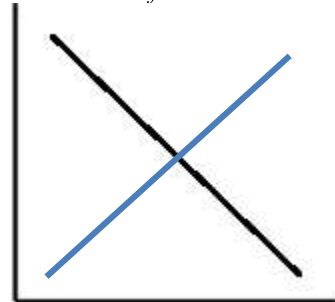


Name the determinant:

\_\_\_\_\_

5. Unemployment is at an all-time high in Rhode Island. Meanwhile, 7 stores such as Pottery Barn Kids, have closed in the Providence Place Mall, known for its high-end stores like Nordstrom, J.Crew, and more. What has caused the change in the demand for high-end goods from these shops?

*Show the shift in the curve and name the determinant.*

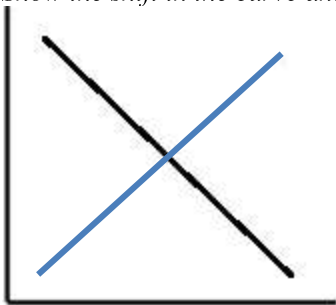


Name the determinant:

\_\_\_\_\_

3. If the Wall Street Journal published an article w/ the headline “Poultry Farmers Detect Infectious Avian Bird Flu,” what would happen to the demand curve for chicken?

*Show the shift in the curve and name the determinant.*

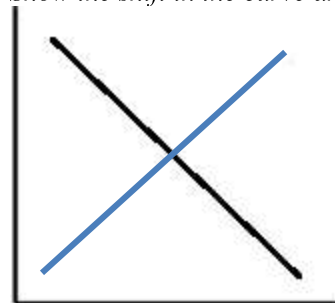


Name the determinant:

\_\_\_\_\_

6. The New Orleans Saints football team just won their first Superbowl title in franchise history and an ESPN.com poll showed that 74% of fans were rooting for the Saints. As a result, what will happen to the demand curve for New Orleans Saints merchandise like t-shirts and jerseys throughout the country?

*Show the shift in the curve and name the determinant.*

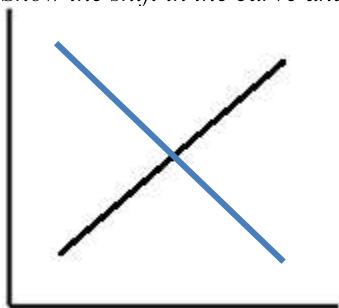


Name the determinant:

\_\_\_\_\_

7. The following headline appeared in the London Times, “England’s sheep population nearly destroyed by famine!” How will this affect the supply of wool around the world?

Show the shift in the curve and name the determinant.

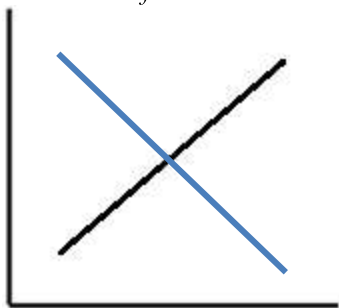


Name the determinant:

\_\_\_\_\_

8. In an effort to encourage economic growth, the United States government has cut corporate income taxes by 20%. How will this affect firms’ ability to supply their products?

Show the shift in the curve and name the determinant.

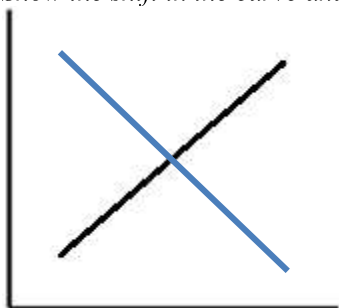


Name the determinant:

\_\_\_\_\_

9. USA Today’s Business Section’s top story reads “Agriculture Devastated by President’s Budget; Government Cuts Spending & Funding.” How will the supply curve for vegetables such as soybeans and broccoli be affected?

Show the shift in the curve and name the determinant.

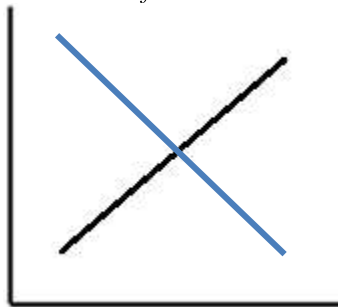


Name the determinant:

\_\_\_\_\_

10. The Ocean Spray juice company on Cape Cod has developed a new piece of machinery that can bottle 60 bottles per minute as opposed to the previous automatic bottler, which bottled 45 bottles per minute. How will this new machine influence the company’s ability to supply juice?

Show the shift in the curve and name the determinant.

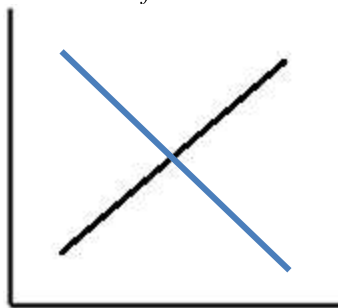


Name the determinant:

\_\_\_\_\_

11. Jim, a textile manufacturing company CEO, has been seen on shows from the Oprah Winfrey Show to the Today Show that have featured stories on “Going Green” with fabrics. As a result of this trend, Jim has decided to reconsider how much of his production he focuses on nonorganic fabrics. What will happen to the supply of nonorganic fabric Jim’s factory produces?

Show the shift in the curve and name the determinant.

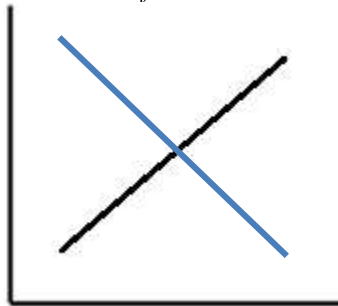


Name the determinant:

\_\_\_\_\_

12. About 10 years ago, the POM Pomegranate Juice brand was created by a middle-aged couple in Nebraska. They’re business started small and then began to skyrocket after news spread of how yummy pomegranate juice is and also, how healthy is it. Now, brands such as Nantucket Nectars, Ocean Spray, Minute Maid, and more have created their own pomegranate mixtures. What has happened to the supply of pomegranate beverages as a result?

Show the shift in the curve and name the determinant.



Name the determinant:

\_\_\_\_\_

**UNIT 2.1-2: DEMAND & SUPPLY PRACTICE PACKET**

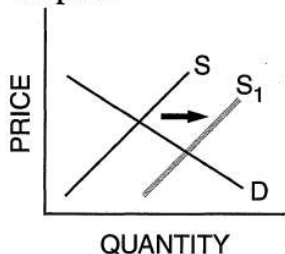
Use the space below to answer the following questions:

**1. Determining the Market Price**

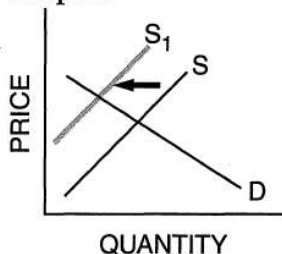
Fill in the blanks with the letter of the graph that illustrates each situation. You may use a graph more than once.

**The Supply and Demand for Jelly Beans**

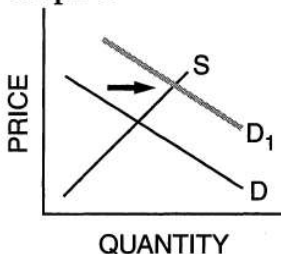
Graph A



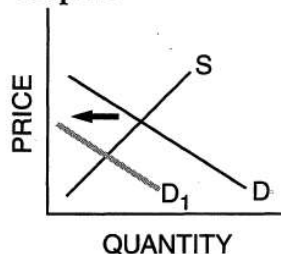
Graph B



Graph C



Graph D



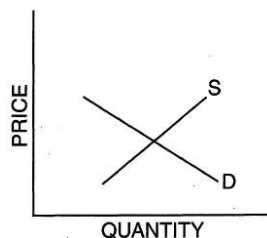
1. The price of sugar, a key ingredient in producing jelly beans, increases. \_\_\_\_\_
2. The price of bubble gum, a close substitute for jelly beans, increases. \_\_\_\_\_
3. A machine is invented that makes jelly beans at a lower cost. \_\_\_\_\_
4. The government places a tax on foreign jelly beans, which have a considerable share of the market. \_\_\_\_\_
5. The price of soda, a complementary good for jelly beans, increases. \_\_\_\_\_
6. Widespread prosperity allows people to buy more jelly beans. \_\_\_\_\_

**2. Changes in Related Markets**

Connecticut ships large amounts of apples to all parts of the United States by rail. Circle the words that show the effects on price and quantity for each situation, and complete the graphs below, showing how a hurricane that destroys apples before they are picked in Connecticut might affect the price and quantity of each commodity.

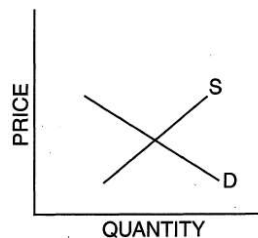
**7. Apples demanded in Boston**

Price: *Rises / Unchanged / Falls*  
 Quantity: *Rises / Unchanged / Falls*



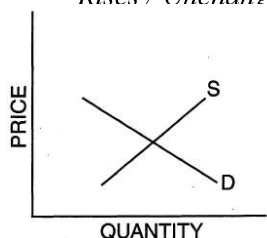
**9. Apples grown in the state of Washington**

Price: *Rises / Unchanged / Falls*  
 Quantity: *Rises / Unchanged / Falls*



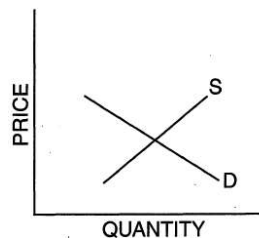
**8. Land devoted to apple orchards in the state of Washington (assuming shortage in Connecticut is long-lasting)**

Price: *Rises / Unchanged / Falls*  
 Quantity: *Rises / Unchanged / Falls*



**10. Pears (subs for apples)**

Price: *Rises / Unchanged / Falls*  
 Quantity: *Rises / Unchanged / Falls*



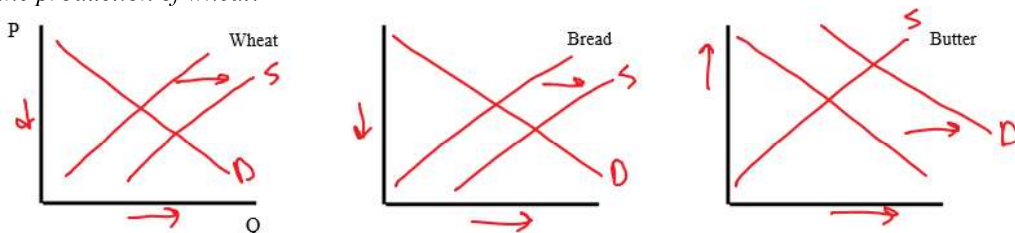
**UNIT 2.1-2.2: DEMAND & SUPPLY PRACTICE PACKET**

*Use the space below to answer the following questions.*

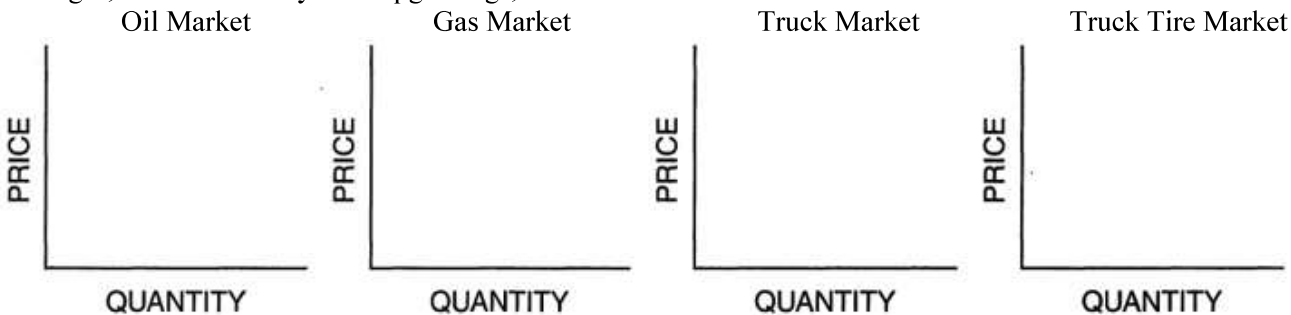
**Changes in Related Markets**

Using the template below, draw the effect on supply or demand as a result of the following situations. You must show how the change in one market will change related markets. An example has been done for you below.

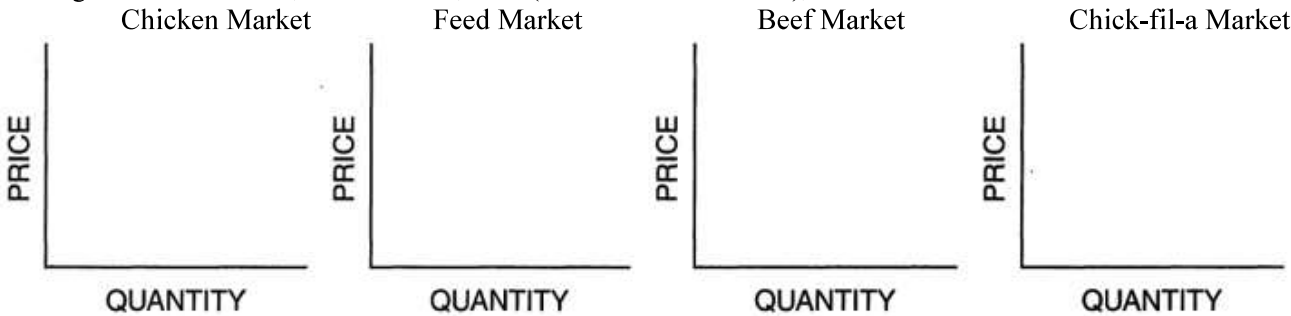
*Example: What will happen to the equilibrium price and quantity in the wheat, bread, and butter markets if the government gives a subsidy for the production of wheat?*



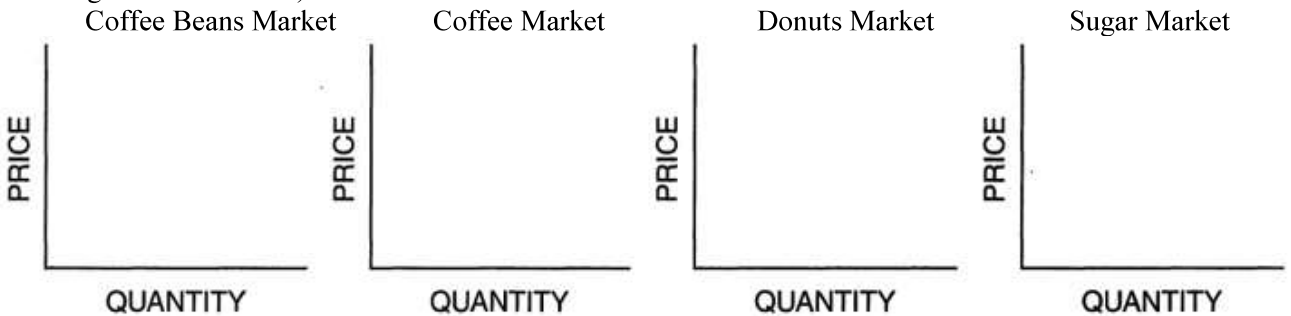
**Situation #1:** The government begins to tax oil companies more. Show the impact on the following markets: oil, automotive gas, trucks with very low mpg ratings, and then truck tires.



**Situation #2:** The National Health Service issues a report about the benefits of eating more chicken. Show the impact on the following markets: chicken, chicken feed, beef (substitute for chicken), and a Chick-fil-a sandwich.










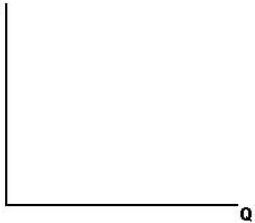






**Situation #3:** A new technology is invented that allows coffee bean farmers to produce twice as many beans as before. Show the impact on the following markets: coffee beans, coffee, donuts (a complement good), sugar (assuming many people use sugar in their coffee).



**UNIT 2.1-2: DEMAND & SUPPLY PRACTICE PACKET**

Use Economic Analysis to determine what happens to the price and quantity of computer games in each scenario.

#	Change	Graph	Economic Analysis
1	It becomes known that an electronics store is going to have a sale on their computer games 3 months from now.		1. Draw and Label Equilibrium: 2. The Change: Supply or Demand Increase or Decrease Shifter 3. After: Price _____ Quantity _____
2	The workers who produce the computer games go on strike for over two months		1. Draw and Label Equilibrium: 2. The Change: Supply or Demand Increase or Decrease Shifter 3. After: Price _____ Quantity _____
3	When the average price of movie tickets rises, it has an effect on the purchase of computer games. (Analyze computer games.)		1. Draw and Label Equilibrium: 2. The Change: Supply or Demand Increase or Decrease Shifter 3. After: Price _____ Quantity _____
4.	The workers who produce the computer games negotiate a \$20 per hour wage increase.		1. Draw and Label Equilibrium: 2. The Change: Supply or Demand Increase or Decrease Shifter 3. After: Price _____ Quantity _____
5.	The price of business software, a product also supplied by computer game software producers, rises. (Analyze computer games.)		1. Draw and Label Equilibrium: 2. The Change: Supply or Demand Increase or Decrease Shifter 3. After: Price _____ Quantity _____
6.	A reputable private research institute announces that children who play computer games also improve their grades in school.		1. Draw and Label Equilibrium: 2. The Change: Supply or Demand Increase or Decrease Shifter 3. After: Price _____ Quantity _____
7.	Because of the use of mass production techniques, workers in the computer game industry become more productive		1. Draw and Label Equilibrium: 2. The Change: Supply or Demand Increase or Decrease Shifter 3. After: Price _____ Quantity _____

8.	The price of home computers decreases significantly. (Analyze computer games.)		1. Draw and Label Equilibrium: 2. The Change: Supply or Demand Increase or Decrease Shifter 3. After: Price _____ Quantity _____
9.	The Federal government imposes a \$5 per game tax on the manufacturers of the games.		1. Draw and Label Equilibrium: 2. The Change: Supply or Demand Increase or Decrease Shifter 3. After: Price _____ Quantity _____
10	The retailer of the computer games raises the price on the games.		1. Draw and Label Equilibrium: 2. The Change: Supply or Demand Increase or Decrease Shifter 3. After: Price _____ Quantity _____
11	In order to promote American production, Congress provides a subsidy to game producers. (Analyze only American firms)		1. Draw and Label Equilibrium: 2. The Change: Supply or Demand Increase or Decrease Shifter 3. After: Price _____ Quantity _____
12	A large firm enters the game business with a new line of games. (Analyze the whole game industry)		1. Draw and Label Equilibrium: 2. The Change: Supply or Demand Increase or Decrease Shifter 3. After: Price _____ Quantity _____
13	In order make computer games available to low-income families, Congress sets a price ceiling for the games.		1. Draw and Label Equilibrium: 2. The Change: Supply or Demand Increase or Decrease Shifter 3. After: Price _____ Quantity _____
14	The popularity of the computer games increases in the world markets. At the same time new technology lower production costs. <b>(Double Shift)</b>		1. Draw and Label Equilibrium: 2. The Change: Demand- Up or Down   Shifter- Supply- Up or Down   Shifter- 3. After: Price _____ Quantity _____